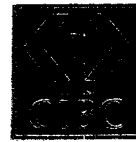


MM Dkt. 92-51

Peter G. Smith
Vice President - Director
U.S. Media Group
CIBC Inc.



**Canadian Imperial
Bank of Commerce**
425 Lexington Avenue
New York, NY 10017
(212) 856-3601

RECEIVED

April 22, 1991

APR 23 1991

Federal Communications Commission
Office of the Secretary

The Commissioners
Federal Communications Commission
1919 M Street N.W.
Washington, D.C. 20005

Dear Sirs:

Attached hereto is a filing on behalf of Canadian Imperial Bank of Commerce in response to the request for comments by the Commission with respect to petitions for declaratory ruling that lenders take a limited security interest in an FCC license, and seller financing of broadcast station transfers.

CIBC recognizes that the document is being filed one day beyond the time specified in public notice. However, it is requested that the document be accepted and considered on its merits notwithstanding the brief delay.

Copies of this cover letter and its attachment are being served on the petitioners, Hogan and Hartson, and Crowell & Moring.

Very truly yours,

P.G. A handwritten signature in dark ink, appearing to be 'P.G. Smith' with a stylized flourish at the end.

Robert J. Munch
Vice President, USA
Corporate Finance



**Canadian Imperial
Bank of Commerce**
425 Lexington Avenue
New York, NY 10017
(212) 856-3501

RECEIVED

APR 23 1991

April 22, 1991

Federal Communications Commission
Office of the Secretary

The Commissioners
Federal Communications Commission
Washington, D.C.

In re: Petition for Declaratory Ruling that Lenders may take a
Limited Security Interest in an FCC License (MMB File #910221A)

In re: Seller Financing of Broadcast Station Transfers (MMB File
#870921A)

Dear Sirs:

As a major lender to the broadcast industry, we are writing in support of petitions currently before the Commission that seek 1) a declaratory ruling that will enable lenders to take a limited security interest in an FCC license; and 2) a relaxation of the current policy prohibiting so-called reversionary interests with respect to seller financing of broadcast station transfers.

Canadian Imperial Bank of Commerce ("CIBC") has been a lender to the U.S. broadcast industry since 1986. During those five years, CIBC has been an active senior lender to both radio and television broadcasters. The Bank currently manages total commitments to the industry in excess of \$400 million. These relationships are composed of loan facilities to both small entrepreneurial broadcasters as well as large multinational media enterprises.

We believe the relief sought by the petitions (which in the opinion of our attorneys is not specifically prohibited by any existing provisions of the Communications Act) should be granted as a matter of prudent public policy and law. Banning the creation of security in a license, or at the very least a right of creditors to have the Commission review the status of the incumbent license holder, does, in fact, serve to undermine the public interest. In the process, it also undermines long-established federal bankruptcy policy designed to provide maximum protection for secured creditors and their rights.

The broadcast industry has been unusually hard hit by the recession. Station values have dropped significantly. Increasing numbers of broadcasters are facing bankruptcy. Wary lenders, key players in the re-financing and re-structuring of shaky companies, have, understandably, adopted conservative lending policies. The result is a pervasive, deal-inhibiting credit crunch in industry financial markets.

In order to more equitably address the economic and regulatory realities facing both lenders and broadcasters, CIBC believes the ability to take a limited security interest in a broadcast license would achieve treatment that parallels related practices in other media sectors. In cable television, franchise rights are often pledged by the operator as collateral for loans. Similarly, cellular telephone operators will often pledge their right to operate a cellular system to the lender. In a difficult credit environment where broadcasters are competing with other media property operators for limited capital, the Commission rule places those broadcasters at an unfair competitive disadvantage - an unlevelled playing field, as it were.

Under the current Commission rule, lenders lack the ability to have a broadcast license transferred to an operator who may be better qualified to serve the public interest. As recessionary pressures make the industry even more fiercely competitive, the inability of creditors to influence this process will only further erode already weak credit markets. Our experience indicates that operators in financial difficulty will seek to hold onto the license, even if it is at the expense of creditors. Ironically, these operators are able to use the current Commission rule for their own personal gain rather than to serve the public interest.

The Bank has frequently discussed this issue with several of its broadcasting clients. They agree that a limited security interest in a broadcasting license would not inhibit the ongoing business of strong creditworthy operators. Additionally, they feel that these rights would be assigned to lenders as a matter of course if the Commission rule did not prohibit the assignment.

These concerns apply equally to the Commission's current rule barring sellers from retaining any right of reversion in their licenses; any right of re-assignment of their licenses in the future; or any reservation of the right to use the facilities of the station for any period whatsoever.

Partial financing by the seller often (and increasingly) remains the sole means of guaranteeing the sale of a broadcast property. In many circumstances, seller financing has become an essential ingredient in the capital mix as traditional sources of junior capital have all but disappeared. But cautious sellers, whose security may not include the right to re-acquire the station in the event of a default, are simply reluctant to provide such a financing. The policy prohibiting reversionary interest thus becomes counter-productive. Under the petition before the Commission, which CIBC supports, sellers would be able to exercise such reversionary interests, but only, of course, with prior approval from the agency. It would not, and should not, be automatic, in any sense.

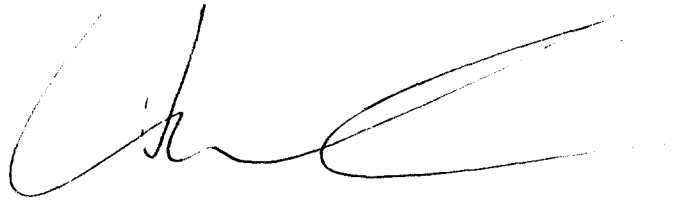
Senior lenders are also adversely affected by the current situation. Without seller financing to mitigate the severe risks of a very challenging marketplace, lenders may not be in a position to take on the additional exposure and, consequently, will elect to forgo the financing entirely. Again, the public is the ultimate loser since the station's viability may now be threatened.

In summary, even in a normal economy, policies prohibiting license liens have had a negative impact on the marketplace. But the realities of today's depressed business climate have exacerbated an already onerous problem. The inability to collateralize a station license remains a formidable barrier to raising capital for station re-financing. While we

fully understand the Commission's reluctance to attach property-style rights to the license, consideration should be given to allowing creditors more say in the ongoing status of the license, particularly when a troubled market signals that an existing operator is not serving its best interests. Without some consideration in this matter, it is difficult to expect that unprotected lenders will eagerly entertain new broadcast lending risk.

If you have any questions or you would like further clarification of our comments, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to be a stylized 'K' or 'C' followed by a long horizontal stroke.